

**DEKALB COUNTY OPERATIONS TASK FORCE SUBCOMMITTEE**

**JULY 16, 2014**

**MANUEL MALOOF AUDITORIUM**

**6:00 P.M.**

The meeting was called to order by Co-Chair John Shelton.

Committee Members Present:

Mr. John Shelton - President and Chief Executive Officer, DeKalb Medical Center

State Representative Mike Jacobs - District 80

Mr. Bill Floyd - Former Mayor of Decatur

Dr. David L. Sjoquist - Professor of Economics and Director of Domestic Programs at the  
Andrew Young School of Policy Studies, Georgia State University

Mr. Jim Grubiak - General Counsel, Association of County Commissioners of Georgia

Mr. Patrick Ejike

**Public Comment:**

Mr. Richard Williams and Mr. Robert Stamper.

John Shelton, Co-Chair presented Dr. Laura Wheeler who made her presentation to the Committee.

Dr. David Sjoquist asked if there were other members that were appointed to the subcommittee.

John Shelton, Co-Chair stated that have been names suggested especially for both subcommittees.

Mr. Shelton mentioned that he and Mr. Irons had spoken about agendas being established and sent out no later than a week in advance and the material submitted two weeks in advance so that they will have time to review and handle remarks during the presentation. Also the meeting on the 23rd was being canceled.

Mr. Bill Floyd remarked that he didn't know anything about the Georgia Tech study and asked if any of that information might be available.

Mr. Shelton asked Ms. Mitchell about a scope document for Georgia State as well as a scope document for Georgia Tech to see if she could get that circulated among the members.

Ms. Mitchell asked Dr. Wheeler to speak on the scope of that work.

Dr. Laura Wheeler said there will be five reports that are being prepared for this subcommittee. The one tonight is on laws of incorporation and in two weeks the report will be on the comparison of different cities and counties that have gone through this kind of large-scale annexation and incorporation issues and how they have handled it. The 3rd report will be on alternatives to incorporation and annexation.

Dr. Laura Wheeler reported that a paper on service delivery will be made available by the 13th. On August 27th, there will be a paper focusing on the effects of incorporation and annexation on

the pension and other retirement benefits funding issue that are associated with the incorporation and annexation activity.

Mr. Patrick Ejike asked if her report was to provide the committee with recommendations, or is it a presentation of facts for the Committee to make up their minds and also asked if her report had true financial options.

Dr. Laura Wheeler stated that what they will be presenting is much more in setting the stage, setting the background information, raising questions perhaps on both sides so as to draw the right perspective but to kind of lay the groundwork for the Committee to come up with their own recommendations.

Dr. Laura Wheeler stated that the financial implications, they would be able to do some of that as they get more data from the county and there would be a presentation done by Georgia Tech that will have some implications on what different parts of the county looks like, if they become incorporated that may also address the financial part of Mr. Ejike's question.

Mr. Bill Floyd asked if Dr. Wheeler knew anything about the report from Georgia Tech.

Dr. Laura Wheeler stated she did not know.

Dr. Laura Wheeler went on to speak about each report. The first report, given tonight, is on the laws of incorporation.

Dr. Laura Wheeler's second report will be on two or three cities. They have also had a couple of other states that were looked at around the country who have gone through large-scale

annexation, incorporations of counties and looked at what they have done, how that's played out, how various groups have been affected. That report will be in two weeks.

Dr. Laura Wheeler's third report would be on what some alternatives are. What are some answers that other states may have come up with as well, addressing some other options besides annexation and incorporation.

The HOST report will have various scenarios of a simulation of what's going to happen to HOST funding as the various incorporations go, if they were allowed to continue.

Dr. Wheeler mentioned they can also do some simulations of what might happen to the distributions of HOST funding through the cities and the county if they structured the program differently.

Mr. Bill Floyd asked if there were any restrictions in what could be looked at there from what the county is.

Dr. Laura Wheeler stated the county has not indicated any.

Mr. Bill Floyd asked if they were looking at changing the law.

Dr. Laura Wheeler stated yes.

Mr. Bill Floyd asked if they were allowed to do that in what they were suggesting.

Dr. Laura Wheeler stated yes.

Mr. Bill Floyd made the suggestion that Dr. Wheeler include some kind of look at the millage rate in DeKalb County for non-homesteaded property, commercial property, and apartments and how HOST has impacted that millage rate. How that impacts their revenue.

Mr. Bill Floyd then started a discussion on HOST.

Mr. Patrick Ejike stated that to him it sounds like we're going to deconstruct/reconstruct a whole lot of things and hopefully the reports will be based on a whole lot of factors that are tangible.

Mr. Jim Grubiak asked in reference to Mr. Ejike's second question about annexation and incorporation, is the assumption that there will be substantial annexation, there will be further incorporation, or is there any discussion or elaboration on why does incorporation take place, and when does it make sense? When is it justified? When is annexation appropriate? When is it not? What are the reasons that cities choose or maybe want to annex as opposed to not annex?

Dr. Laura Wheeler stated the intent of her report was to place the recent annexation and incorporation activity into a legal context to determine if the current environment of laws supports whatever the desired future status of the county and its cities will be and do the laws apply equally to both rural and urban areas?

Dr. Laura Wheeler proceeded with her report to the Committee and presented slides containing her topics on: A Table of Incorporation and Annexation Activity Between 2012 and 2013  
Possible Reasons for Incorporation and Annexation Participants in Incorporation and Annexation by Petition Annexation by Resolution and Referendum Annexation by Local Act of

the General Assembly County Property in Incorporations and Annexations County Objection Procedure -- O.C.G.A. Section 36-36-113 Potential Impact of Laws on Incorporation and Annexation Activity City and County Services -- Qualifying Municipal Services, Required County Services, and Optional County Services Factors Surrounding County provision of Municipal Services Conclusion/Summary.

Mr. Jim Grubiak asked Dr. Wheeler what was mean by "the desire to provide distance" between a city government and a county government.

Dr. Wheeler stated the idea is that you want to create a buffer between the city and the county and a different government but to the extent the incorporated area still receives services from the county either through special service districts or through countywide services like the courts and the sheriff.

Mr. Bill Floyd asks a question about schools and whether there has been any annexation where the schools were not included as part of the annexation and is there any legal reason why that couldn't be done if it has never been done?

Dr. Laura Wheeler stated she is not aware, but would look further.

Mr. Jim Grubiak asked what is a large annexation.

Dr. Laura Wheeler stated the larger annexations are subject to the local act. So to the extent that these are annexed by local act, then they have to go through that whole political process.

Dr. David Sjoquist asked Dr. Wheeler to look at what other states do, if two cities are fighting over some area to be annexed or two incorporations whether some states have a process that

mediates that rather than putting it on the laps of the members of the General Assembly to decide?

Dr. Laura Wheeler said, yes, they will look into it.

Dr. Laura Wheeler stated that she had carved out various components of the law and written pros and cons about or support and how they affect annexation and incorporation.

Co-Chair John Shelton asked if the city only provides three services under the twelve that are listed, is the county required to pick up the other eight.

Dr. Laura Wheeler responded no.

Co-Chair John Shelton asked if not, who would pick that up.

Mr. Bill Floyd stated that in the case of the one city he knew of that does that, Peachtree Corner, their charter only allowed them to do several things and they went back and had to make an amendment to their charter and they have an intergovernmental agreement with Gwinnett County to provide police service and they don't actually collect money to pay Gwinnett County. Gwinnett County collects the tax for it. But several services are done like that.

Co-Chair John Shelton asked if that was a requirement of the city to work that out with the county.

Mr. Bill Floyd responded yes and stated that's an issue that should be worked out beforehand. If they collect the tax, they have to provide the service as he understood. They may choose not to collect the tax, or not provide the service.

Dr. Laura Wheeler said she would look into that.

Mr. Bill Floyd asked if the county is required to provide police services or can the sheriff do that.

Dr. Laura Wheeler believes it is not required.

Mr. Patrick Ejike inquired about how the list of services that are to be selected or not selected, affects those agreements. The service delivery agreement, almost comes across as there is more service that a county must deliver. So if the county's footprint is decreasing, how did Dr. Wheeler see that handled? Because if the county footprint is decreasing and the cities are still seeking the same level of that agreement, so how is that handled across the nation?

Dr. Laura Wheeler stated that they haven't finished all of that research about how other counties or other cities and states have handled that. They will make sure that is included.

Co-Chair John Shelton asked a question about the law, because of the advancement of cityhoods that occurred in the last legislative session, whether they are within the legal guidelines and laws as they presently exist in Georgia.

Dr. Laura Wheeler stated yes, and she was not sure she was following.

Co-Chair John Shelton restated if Lakeside, Briarcliff, Tucker, all went through the process, one may assume that they have the laws on their side.



Dr. Laura Wheeler said yes.

Dr. David Sjoquist stated there are several reasons why cities were annexed and is there anything in code, any state policy about when annexation should occur, why they should occur; the objective. And asked is there a state policy?

Dr. Laura Wheeler stated she found nothing about that.

Mr. Jim Grubiak wanted to know if there were discussions in City Council meetings where they said we want to annex this property because -- or developers might come to the city and say, we would like to be annexed because -- is there any kind of discussion on that?

Dr. Wheeler stated typically it's to take advantage of existing municipal services.

Mr. Patrick Ejike stated when redistricting is done, there is a population formula used, a balancing used when you make a correction for redistricting. That ultimately results in electing someone to represent the voices of the masses in making laws, ultimately.

Mr. Patrick Ejike asked why is it when you are incorporating, that that type of luxury doesn't play in, because it creates the homogeneity that's being prevented on the redistricting side. It's being allowed indirectly on the incorporation side.

Co-Chair John Shelton asked if Mr. Ejike was asking about how boundaries were established.

Dr. Laura Wheeler stated there is not a discussion of law other than in the case of the voting rights act, which no longer has to be preapproved, but does have to be adhered to in terms of

establishing your boundaries. So that the citizen group comes to terms with what they want as their boundaries and there's negotiation that may go on with their General Assembly sponsor as to what also may be politically feasible.

Mr. Patrick Ejike stated that there's a safeguard in designing tracts, voting districts, there's a safeguard in doing that. Why is there not the same safeguard in creating cities?

Dr. David Sjoquist stated that census tracts change boundaries. Census tracts in 2010 are not the same as census tracts in 2007, so that's not a fix.

Dr. David Sjoquist asked if an area wanted to be incorporated, if it had to provide certain services, three services. Can it contract with the county to provide those services?

Dr. Laura Wheeler responded no. It can contract.

Mr. Patrick Ejike asked if there is a cap associated with the cost of services that a county could charge.

Dr. Laura Wheeler said if the unincorporated county or the county were to attempt to charge an outlandish amount to that area, they might get services from other cities or create it themselves.

Mr. Bill Floyd commented that technically the answer is no, there is not a cap. Right now cities in DeKalb County, under the service delivery agreement, have an option to pick some county services if they want, and there's a millage rate applied to that. We have the option of saying we want that or we don't want this.

Mr. Joel Gottlieb stated that Mr. Floyd was correct. Part of our millage rate is a special services district and it includes the services of parks and recreation, roads and drainage, and police are the basic three that cities can choose to have part or all of those services.

Mr. Patrick Ejike said, assuming that the reverse is not let's be friends afterwards and the county said, okay, I'm not going to deliver any services to you, what is the recourse?

Mr. Joel Gottlieb stated other than the voter recourse? I don't think there are any consequences.

Mr. Patrick Ejike asked if their report would show what the impact financially has been as to incorporation in reference to not just revenue collected but in reference to the tax digest.

Mr. Joel Gottlieb said they would give some tax digest information before and after.

Mr. Bill Floyd stated, one thing that makes new cities financially different is franchising and that's a fee that the power company, the gas company, the cable company they all pay you for the use of your right-of-way. Counties don't get that. Cities do.

Mr. Jim Grubiak, asked Mr. Gottlieb if the Georgia State report would recognize the fiscal impact of incorporation on the unincorporated citizen. In particular, he asked Mr. Gottlieb to present data regarding the impact of utility franchise fees levied by cities, including any newly formed cities, on unincorporated customers of Georgia Power. Grubiak noted that half of utility franchise fees paid by Georgia Power to cities goes in to the Company's rate base as a general charge against all customers including those in the unincorporated areas of the county. That

should be considered during any analysis of the impact of incorporation since it results in unincorporated citizens subsidizing city general funds.

Mr. Joel Gottlieb stated he was not sure they had the data, but would try to explore that issue in terms of unincorporated franchise.

Dr. David Sjoquist mentioned that 80 percent of the population in the county is in unincorporated areas.

Mr. Joel Gottlieb believes it's getting to be like 70 percent.

Dr. David Sjoquist also pointed out that a little less than 60 percent of the property tax base is in the unincorporated area, and in terms of what's happening, no one wants to be in that two thirds of the county that's incorporated that has one third of the property tax base and that's why there's a lot of annexation and incorporation, that's the dilemma.

Mr. Patrick Ejike asked Mr. Gottlieb if they could include in their report what level or other numbers of residential and commercial footprints annexation has been.

Mr. Joel Gottlieb stated they would work with staff to get those numbers.

Dr. David Sjoquist asked Mr. Jim Grubiak and Mr. Bill Floyd that in terms of the annexations there are lots of ways that the city can annex property. Do cities have to somehow make special accommodations to satisfy some of these conditions? Is there a better way than what there is now?

Mr. Bill Floyd stated that his experience has been when somebody comes and asks to be part of the city, they are told they have to go do the work, we're not going to do the work. They must secure the names on the petition and return the petition. As far as a city just being able to annex something, that's never worked for him.

Mr. Jim Grubiak stated there's a big difference between urban counties and rural counties and the annexation laws have been pretty much in place for many decades, they are very pro-annexation. A county can object to annexation but it is very, very limited. It probably has no application in DeKalb, because the basis for objection is change in land use and the fact is there's not much vacant land in DeKalb County.

Co-Chair John Shelton asked if there were any more questions and hearing none, stated that there might be some meetings that he is not going to be able to attend and would ask if one of the other members be willing to step up and run the subcommittee meetings, and asked Mr. Bill Floyd if he would.

Mr. Bill Floyd said yes, he would do it.

Co-Chair John Shelton said there had been a request for some laypeople to be added from the various communities that are under the incorporation: Mary Kay Woodward from Lakeside, Frank Almond from Tucker, Alan Venet from Briarcliff, Katherine Rice from Stonecrest. And there have been two requests from the Municipality Association.

Ms. Phyllis Mitchell remarked they had made a request to the DeKalb Municipal to appoint two people to represent annexations.

Co-Chair John Shelton stated that these will be members of the subcommittee and will help to develop recommendations, but they will not be on the full committee for voting purposes, but will provide valuable input as we go through this process.

Ms. Phyllis Mitchell said they had no names from DeKalb Municipal.

Co-Chair John Shelton also said meetings are typically held at Maloof Auditorium, but there might be future meetings where they will go out in the community and host these types of things in libraries throughout the county. And if there are questions or requests for additional information, they should be sent through Mr. Vaughn and himself.

Ms. Phyllis Mitchell stated the most important thing that came up this week was dealing with the scope and to make sure they submit those questions to the co-chairs so they can work with GSU in making sure the issues that they would like to have addressed, that we do so. What we're hoping to get from this process is a factual representation of the issue as it relates to both cities and counties. We do feel as though an understanding of the county operations and how these issues impact the county is also important to this process and she is available to answer any questions.

Dr. David Sjoquist stated he may not be attending the other subcommittee meetings. That it would be helpful to make sure that everybody on the task force receives all the reports.

Ms. Phyllis Mitchell said she would e-mail those out.

Co-Chair John Shelton asked if they needed Georgia Tech's scope.

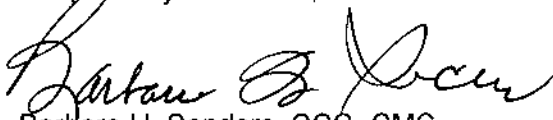
Ms. Phyllis Mitchell mentioned that Georgia Tech will be coming in in August.

Co-Chair John Shelton asked if there were any more questions.

Mr. Robert Stamper stated that there are no representatives being added to the subcommittee of currently unincorporated areas who would wish to remain unincorporated or people who are against municipalization in DeKalb, even if not as a voting member, then certainly at least as a member of the subcommittee.

There being no further discussion, Mr. Shelton adjourned the meeting.

Respectfully submitted,



Barbara H. Sanders, CCC, CMC

Clerk to the Commission and Chief

Executive Officer